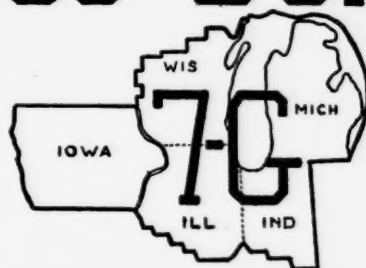


BUSINESS CONDITIONS

SEVENTH
FEDERAL



RESERVE
DISTRICT

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July 1, 1926

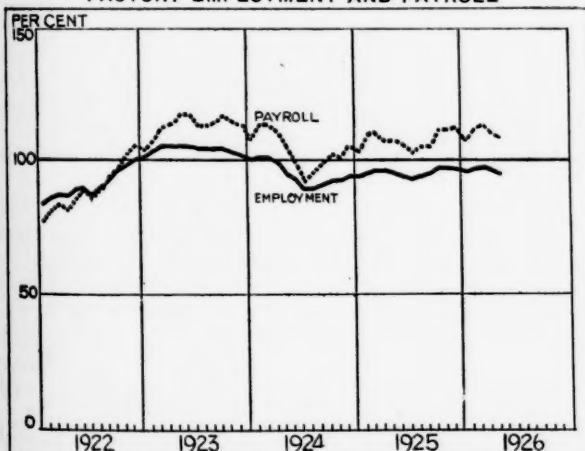
BUSINESS CONDITIONS IN THE UNITED STATES

PRODUCTION in basic industries and factory employment declined further in May, while wholesale prices advanced slightly for the first time in seven months. The volume of trade at wholesale and at retail increased, partly as the result of more favorable weather conditions.

PRODUCTION—Activity in most lines of industry was smaller in May than in April. The reduction was reflected in a decreased volume of output, as well as in a decline in the number of factory workers and in total wage payments. The largest declines occurred in the textile, leather and shoe, and iron and steel industries. Production of automobiles continued large in May. In the lumber, cement, brick, and glass industries, activity was maintained and there were seasonal increases in the output of certain food products. The volume of building contracts awarded declined further in May, but continued larger than in May of last year. Figures for the first three weeks of June indicate further decreases, and the volume of contracts awarded was smaller in that period than in the corresponding weeks of 1925. Recent declines in contracts as compared with last year have been particularly large in middle western and southeastern districts.

Reports by the Department of Agriculture indicate that the composite condition of crops on June 1 was 8 per cent below the average condition on that date for the past ten

FACTORY EMPLOYMENT AND PAYROLL



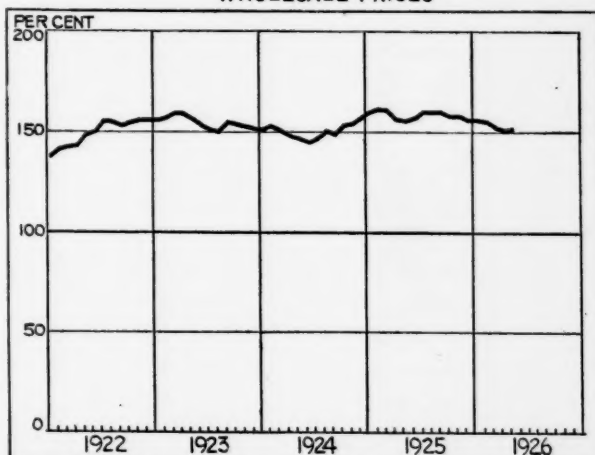
Federal Reserve Board's indexes of factory employment and payroll (1919=100). Latest figures, May, 1926: Employment, 94.8; Payroll, 108.8.

years, and somewhat lower than the average condition a year ago. On the basis of the June 1 condition, the estimated yield of winter wheat was 543,000,000 bushels, as compared with an estimate of 549,000,000 bushels made a month earlier and a final yield of 398,000,000 bushels in 1925.

TRADE—With more favorable weather in May than in the preceding month, the volume of wholesale and retail trade increased and was larger than in May of last year. Department store sales exceeded those of earlier months of this year, and total sales for the first five months were larger than for the corresponding period of any preceding year. Merchandise stocks carried by wholesale firms were slightly smaller at the end of May than a month earlier. Stocks of groceries, hardware, and drugs were larger than a year ago, but those of meats, dry goods, and shoes were smaller. Stocks at department stores declined more than usual in May and were only slightly larger at the end of the month than a year ago. Railroad freight shipments increased in May, and in the first two weeks of June were above those of the same weeks of previous years. Shipments of miscellaneous commodities were especially large.

PRICES—The general level of wholesale commodity prices, according to the index of the Bureau of Labor Statistics, rose slightly in May for the first time since last

WHOLESALE PRICES



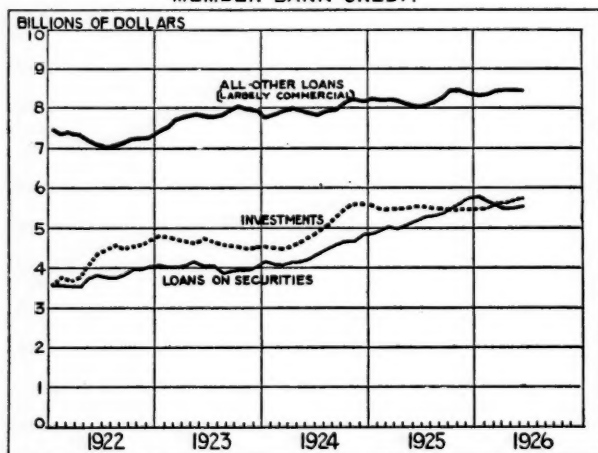
Index of U. S. Bureau of Labor Statistics (1913=100, base adopted by the Bureau). Latest figure, May, 1926: 151.7.

Compiled June 26, 1926

August. Price advances were shown both for agricultural and non-agricultural commodities. Among the principal advances were those in the prices of gasoline, live stock, and meat, while prices of grains and cotton declined. In the first three weeks of June prices of grains, live stock, silk, and nonferrous metals advanced, while those of sugar, cotton, cotton goods, and pig iron declined.

BANK CREDIT—Growth in loans on securities and commercial loans carried total loans and investments of reporting member banks in leading cities in the middle of June to a new high point above the total reached at the close of last year. The large reduction in the volume of loans on securities by New York City banks since the beginning of the year has been more than offset in the total of loans and investments of all reporting banks by increases in commercial loans and in investments of banks both in New York City and outside.

MEMBER BANK CREDIT



Monthly averages of weekly figures for member banks in 101 leading cities. Latest figures averages for first three weekly report dates in June, 1926: All Other Loans, 8,455 million; Investments, 5,707 million; Loans on Securities, 5,519 million.

BUSINESS CONDITIONS IN THE SEVENTH RESERVE DISTRICT

THE first half of 1926 closes with conditions in the Middle West varied for specific activities but in general reflecting the easy credit situation, the high productive level, and the large consumption demand which have been characteristic features for some time past.

Of special significance during May were the gains in wholesale trade and the expansion in retail distribution despite the cool weather affecting seasonable purchases. Retail sales of automobiles exceeded the previous month and continued ahead of last year. Slight reductions took place in orders and shipments at steel mills, but business was well in advance of 1925. Manufacture of agricultural machinery and equipment likewise declined from April, but was considerably larger than last year.

On the whole, industrial employment was curtailed, labor, however, finding sufficient demands from building construction and farming. In the former, contracts were heavier than in April, and allied industries experienced increases. In farming, conditions during May were affected by low temperatures retarding the growth of practically all crops; weather in June was more favorable.

CREDIT CONDITIONS AND MONEY RATES

Plentiful funds and only moderate demand for accommodation in the Seventh district have resulted in a continuation of easy credit conditions, especially in Chicago, where a

At the reserve banks, changes in the volume of credit outstanding during the month ending June 23 reflected chiefly the financial operations of the United States Treasury around the middle of June. The temporary abundance of funds caused by the redemption of maturing United States obligations on June 15 caused a sharp decline in borrowings of member banks, particularly in New York City. As checks in payment of income taxes were cleared and collected, however, borrowings at the reserve banks rose to their previous level.

Money rates in general showed little change during the month. Rates on call and time loans were slightly lower around the middle of June, but in the third week were higher than in the latter part of May. Rates on acceptances and on commercial paper remained practically unchanged.

MONEY RATES



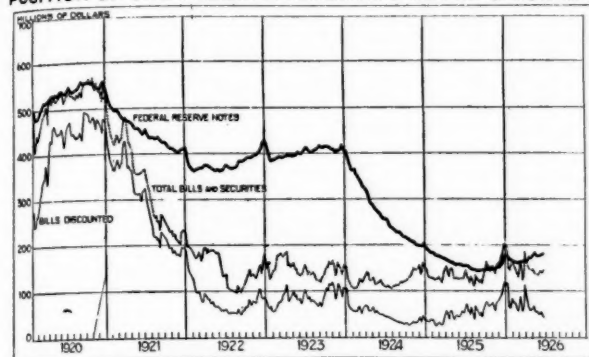
Weekly rates in New York money market—Commercial paper rates on 4 to 6 months' paper, and acceptance rate on 90-day paper. Latest figures, second week of June, 1926: Commercial Paper Rate, 4 per cent; N. Y. Reserve Bank Discount Rate, 3½ per cent; Acceptance Rate, 3¼ per cent.

slight trend toward tightening in the money market early in June in anticipation of June 15 tax payments was more than offset by the announcement that the government would require no financing at this time, thus eliminating a potential factor in reducing the volume of surplus funds. Quotations in Chicago are unchanged from a month ago, with indications, however, of a trend toward a heavier volume of transactions at the lower rates. Current rates in Chicago are as follows: Commercial paper 4¼ to 4½ per cent, customers' over-the-counter loans 4¾ to 5½ per cent, and collateral loans 4¾ to 5½ per cent. A downward tendency in rates is reflected in the average rate earned on loans and discounts by ten of the largest Chicago banks, which in May was 4.91 per cent compared with 4.95 per cent in April. The percentage is derived by each bank on the basis of the amount earned on loans and discounts in the calendar month, plus the amount earned on unmatured loans in the same period, the total being divided by the daily average of loans in the period. Six Detroit banks showed this item as 5.23 in May against 5.36 in April. As was the case a month ago, many reports from other sections of the district indicate a generally lower level of demand, accompanied in some cases by slight shading in rates.

Total bills and securities of the Federal Reserve Bank of Chicago have been on a higher level during recent weeks than was the case a month ago; \$144,333,000 was given on

June 16 compared with \$137,246,000 May 12. This gain was the result of larger holdings of government securities rather than increased loans to member banks, the latter figure amounting to \$43,556,000 on June 16 as against \$55,217,000 May 12. Federal Reserve notes, after showing weekly recessions from the middle of May, have moved upward on each reporting date in June, and stood at \$181,848,000 June 16 in comparison with \$183,216,000 on May 12.

POSITION OF THE FEDERAL RESERVE BANK OF CHICAGO



Latest figures, June 16, 1926, in thousands of dollars: Federal Reserve Notes, 181,848; Total Bills and Securities, 144,333; Bills Discounted, 43,556.

Loans and discounts of reporting member banks in the district on June 16 touched the highest point for which this bank has record, the \$2,124,965,000 on that date comparing with \$2,105,779,000 May 12, and \$2,092,648,000 June 9. A total of \$751,322,000 was reported on June 16 as the investments of reporting members in comparison with \$750,573,000 May 12; the June 16 aggregate also represents a slight decrease from the preceding week. Net demand deposits, after a slightly downward trend in recent weeks, on June 16 rose to \$1,811,075,000, a new high point, as compared with \$1,760,685,000 on June 9, with \$1,782,499,000 May 12, and with \$1,770,288,000 June 17, 1925. Time deposits are considerably higher in amount than a month or a year ago; \$1,046,318,000 was reported on June 16 as against \$1,032,233,000 May 12 and \$991,675,000 June 17, 1925, and constituted the largest aggregate of which this bank has record.

Commercial paper sales during May by ten reporting dealers in this district aggregated the smallest volume thus far in 1926. In comparison with the preceding month, declines at seven houses and increases at three averaged for the group a decrease of 15.0 per cent. After June 1 sales fell off still further. For the first time since August, 1925, the customary selling rate ruled at 4 to 4½; the majority reported 3¾ for low and over half indicated high at 4¼. Paper outstanding at the close of the month had dropped 3.1 per cent below the April 30 amount to the lowest level for the year. For twenty-six dealers located throughout the country, outstandings were \$668,226,000 as compared with \$662,851,500 at the close of April.

Six dealers reporting operations in the Chicago open bill market from May 20 to June 16 with one exception made much heavier sales than in the preceding period, their average weekly volume of bills sold advancing over 100 per cent. Purchases in the same comparison increased 43.6 per cent, three dealers registering gains on a weekly average in the amount of bills bought from acceptors and others combined, and the other three indicating declines. Commodities principally involved in the transactions were grain, packing-house products, tobacco, and cotton. Ninety-day maturities were in best demand; the offered rate of

3¾ on these at the close of the period compares with 3½@3¾ on May 20. Throughout the period the range in rates was narrow.

Acceptance operations during May for the sixteen reporting banks in this district indicated reductions in the aggregate from the preceding month and a year ago. About three-fourths as large a volume of bills was executed as in April; purchases fell off 16.9 per cent and sales 32.3 per cent, the former reaching the lowest level since October and the latter since August. On May 31 banks were holding 58.0 per cent less of their own bills than at the close of April, and 23.0 per cent less in total amount; their liability as acceptors on acceptances outstanding was within 8.4 per cent of the April 30 high point. Transactions reported after June 1 covered principally grain, provisions, sugar, and coffee. May purchases by the Federal Reserve Bank of Chicago were the heaviest since February, 1925; holdings advanced from \$23,333,286 on April 30 to \$29,434,340 by the end of May.

Agricultural Financing—An increased volume of loans outstanding on May 31 in the five states including the Seventh district was shown in the aggregate of \$208,235,154 for nineteen Joint Stock Land banks as compared with \$207,090,989 at the close of April. Four Federal Land banks reported loans outstanding in the same territory as \$171,550,670 on May 31 as against \$170,093,077 April 30, while the loans and discounts (including rediscounts) of four Federal Intermediate Credit banks increased from \$1,322,751 on April 30 to \$1,454,155 on May 31.

Volume of Payment by Check—Thirty-seven clearing house centers in the Seventh district aggregated in May a volume of payment by check (\$5,778,854,000) less by 2.4 per cent than in April, but 5 per cent greater than in the corresponding month of 1925. The four larger cities, Chicago, Detroit, Milwaukee and Indianapolis, showed a total 2.2 per cent below April and 5.1 per cent above May, 1925; thirty-three smaller reporting centers aggregated 3.0 less than April and 4.8 per cent over last year. For Chicago, the May figure of \$3,489,243,000 compared with \$3,555,030,000 in April a decrease of 1.9 per cent from the prior month. As against May, 1925, the gain in Chicago was 4.3 per cent.

Savings—Two hundred and twenty-one reporting banks in this district averaged increases of 0.1 per cent in number of accounts and 0.2 per cent in amount of deposits between May 1 and June 1. Individually, 132 banks registered increases and 89 declines in amount, and by states all except Indiana made gains, with Michigan reaching a new high level.

Comparisons with a year ago available for 186 banks indicate gains of 2.3 per cent in amount and 2.7 per cent in number; Illinois showed the one decrease in the former, and Iowa in the latter.

Bonds—Higher prices prevailed in the Chicago bond market the latter part of May and first half of June, the rise led as in the preceding period by increases in first grade issues. New offerings of merit were insufficient to satisfy the demand, those put on the market being continuously well absorbed with frequent oversubscriptions. Utility bonds received particular favor, as portfolios are bare of this kind of offering. Foreign government securities were an important feature. The municipal market strengthened materially, and business in real estate bonds was exceedingly large.

AGRICULTURAL PRODUCTION AND FOODSTUFFS

The growth of corn had advanced sufficiently in Iowa and in the portions of Illinois and Indiana within the Seventh Federal Reserve district to show a fairly even stand by early June. It was rather early in the season, however, to determine precisely how satisfactorily germination had progressed in southern Wisconsin and the lower peninsula of Michigan. A number of localities in Iowa, Illinois, and Indiana report that tender corn suffered some damage at the beginning of the month from wind and dust storms. Low temperatures retarded growth of nearly all crops during May, while a lack of sufficient moisture affected production of hay and pasturage in Iowa and some sections of Illinois. Present indications point to a good yield of fruit in the district during 1926. Weather conditions became more favorable to crops toward the middle of June. The condition of oats, barley, sweet corn, and tomatoes was higher and that of winter wheat and rye lower on June 1 than a year ago. Stocks of old corn remaining on farms on that date were considerably larger than for the corresponding period in 1925; holdings of oats also gained slightly. Sheep and lambs have increased in total number over a year ago, according to reports sent direct to this bank by 147 county agents representing 216,985 farmers in the Seventh district. A recent forecast by the United States Bureau of Agricultural Economics points to 132,600 tons of canning peas in 1926 for Wisconsin, Michigan, Illinois, and Indiana, compared with 129,700 tons grown in that area last year. This same authority estimates 543,300,000 bushels of winter wheat and 41,131,000 bushels of rye for the United States this year compared with 398,486,000 and 48,696,000 bushels, respectively, in 1925.

The government report for June 1, did not forecast the probable production of spring wheat or oats in the United States for 1926, but most of the commercial estimates approximate 1,300,000,000 for oats and 220,000,000 bushels for spring wheat, compared with the harvest of 1,501,909,000 and 270,879,000 bushels, respectively, last year.

Grain Marketing—Interior primary markets in the United States received a smaller volume of corn and oats and larger quantities of wheat during May than in the preceding month. The totals were decidedly under the 1921-25 average for the period, with wheat showing a reduction and the two latter grains practically no change in tonnage from a year ago. Reshipments of corn and wheat from these terminals declined and those of oats increased over the five-year average for May, but all were in excess of April. Visible supplies of corn in the United States on June 12 exceeded those for the previous month; the stock of other grain declined. Inventories of wheat, oats, rye, and barley were greater than a year ago, while that of corn was only 43 per cent as large as for the corresponding week of 1925. Grain prices at Chicago averaged slightly less for May than for April; quotations, after receding to still lower levels at the beginning of June, showed a firmer tendency somewhat later, followed by an easing trend toward the middle of the month. The members of the Chicago Board of Trade contracted for a smaller amount of future delivery grain during May than in April, and for considerably less than during the corresponding period a year ago. Exportations of corn failed to equal those for April; gains were reported, however, for all other grains.

Flour—Receipts of flour at Chicago were less in May than in the preceding month, but exceeded those for any other May since this bank has been furnished figures (1922); shipments through the city were slightly larger than in April and also heavier than in any May except 1922. Both sales and production of flour by mills in this district increased in May over April but continued less than a year ago.

CHANGES IN MAY, 1926, FROM PREVIOUS MONTHS

	PER CENT CHANGE FROM APRIL 1926	MAY 1925	COMPANIES INCLUDED APRIL 1926	MAY 1925
Production (bbls.)	+ 5.3	- 3.4	33	33
Stocks of flour at end of month (bbls.)	+ 6.7	+19.3	30	30
Stocks of wheat at end of month (bu.)	-22.4	- 7.0	30	30
Sales (volume)	+17.6	- 4.0	16	16
Sales (value)	+16.4	- 2.4	16	16

Production includes wheat and other flours. Balance of items refer to wheat flour only.

Movement of Live Stock—Receipts of cattle at public stock yards in the United States were larger and those of hogs smaller in number than the corresponding figures for May last year; both slightly exceeded those in April. Corn-fed steers made up the larger percentage of the cattle marketed, although there was a seasonal increase in the supply of grassers, fairly liberal offerings of baby beefs, a number of yearlings, and somewhat limited quantities of cows. The customary gain in the marketing of spring lambs accounted for the increase in ovine totals over April, despite the seasonal recession in the movement of fattened animals from the corn belt. Only a few aged sheep arrived and these were largely ewes. Hog marketing for early June remained near the May level, the heavy movement of cattle continued, and the arrivals of lambs tended to increase.

LIVE STOCK SLAUGHTER

	Cattle	Hogs	Lambs and Sheep	Calves
Yards in Seventh district May, 1926	246,061	674,547	240,436	139,103
Public Stock Yards in U. S. May, 1926	757,060	1,872,089	884,719	436,883
April, 1926	693,980	1,871,281	800,793	419,424
May, 1925	666,600	1,930,964	829,791	456,591
May, 1923	711,984	3,072,396	888,189	460,960

Reshipments of cattle and lambs to feed lots during May slightly exceeded April; those for cattle were greater than a year ago, but the movement of lambs declined in the latter comparison.

AVERAGE PRICES OF LIVE STOCK

(Per hundred pounds at Chicago)

	WEEK ENDED JUNE 12 1926	MAY 1926	MONTHS OF APRIL 1926	MAY 1925
Native Beef Steers (average)	\$ 9.60	\$ 9.25	\$ 9.40	\$10.05
Fat Cows and Heifers	7.60	7.25	6.95	7.40
Hogs (bulk of sales)	14.45	13.45	12.25	12.10
Yearling Sheep	14.50	12.10	10.50	10.65
Lambs (average)	17.70	14.75	13.65	13.60

Meat Packing—Production of meat and fat at slaughtering establishments in the United States showed a gain in May over the preceding month, while the employment for the last payroll of the period increased 3.1 per cent in number, 2.6 per cent in hours worked, and 2.0 per cent in value over the corresponding figures for April. Domestic demand was active for lard, dry salt pork, boiling hams, and smoked meat; trading in beef and lamb absorbed current supplies, but tended to drag during most of the month. The total value of sales billed to domestic and foreign customers by fifty-nine meat packing companies in the United States exceeded that for April by 7.2 per cent and was 5.1 per

cent greater than a year ago. Meat inventories in the United States for June 1 were seasonally under a month ago, while those for lard increased; all holdings showed a decided reduction in volume from the corresponding period of 1925 and also from the five-year average for June. Chicago quotations for pork, lard, smoked meat, lamb, and veal advanced during May and early June over the preceding month; beef held steady. Toward the close of May, mutton prices trended downward from the higher level that had prevailed since the latter part of April. Foreign demand slackened somewhat after the middle of May, following an improvement during the previous four weeks, so that the month's tonnage of packing-house edible products forwarded for export totaled about the same as for April; export clearances of hams and lard from American ports increased and those of bacon declined. Prices abroad followed the domestic advance and were a little more in line with the Chicago market; British quotations for lard, however, continued under the United States parity.

Dairy Products—The quantity of butter produced during May by sixty-five creameries in the district increased 30.1 per cent over April and was 6.6 per cent greater than a

year ago. Statistics issued by the American Association of Creamery Butter Manufacturers indicate a similar trend for the country as a whole. Sixty-seven creameries in the Seventh Federal Reserve district reported sales of butter for May which in the aggregate were 16.2 per cent larger than for the preceding month but 3.2 per cent under the volume of May, 1925. Factories in that state supplied Wisconsin markets with a 17.2 per cent greater quantity of cheese during the four weeks ended May 29 than in the preceding period, although the volume was 3.1 per cent smaller than between corresponding dates last year; redistribution from those centers increased 6.2 per cent and 1.7 per cent, respectively, in the two comparisons. A larger tonnage of butter and eggs and a smaller amount of cheese arrived at Chicago during May than in April. Cold-storage holdings of dairy products in the United States were seasonally larger than at the beginning of May; inventories of both butter and cheese exceeded a year ago and the five-year average for June 1, while stocks of eggs showed a recession in the two comparisons. Chicago quotations for eggs held steady during May and early June; those for butter and cheese averaged slightly higher than in April.

COAL

Production of bituminous coal in Illinois declined further in May; 3,745,011 tons were mined, a decrease of 15.7 per cent from April, an increase of 5.2 per cent over May last year, and about equal to the same month of 1924. Demand was slow for all grades and sizes during the latter half of the month and early part of June. Prices changed little during the period but are below a year ago.

United States output of bituminous coal for May was slightly under that of the preceding month but was heavier than a year ago or for May, 1924. Anthracite production followed the same trend as bituminous. Distribution of bituminous coal from Lake Erie ports to American lake ports exceeded that for any May of which this bank has record (since 1919).

INDUSTRIAL EMPLOYMENT CONDITIONS

Industrial employment experienced a further slight curtailment during the month, reporting firms with an aggregate of 377,000 men noting a decline of 0.7 per cent in working forces and 0.1 in payrolls from April. These percentage losses were the same as those reported for April, but conditions varied somewhat during the two months, metals and the lumber industry contributing the greater share of the losses for May, and food, textiles, and leather products for April. The vehicles group, as well as building materials other than lumber, showed continued expansion. The most significant change was the 1.3 per cent reduction for metals and metal products, which marks a definite

reversal in trend for this group. For industrial employment as a whole, the month-to-month changes reported since a year ago represent a gain of approximately 10 per cent in both men and payrolls.

Employment not classified as industrial, such as building and road construction work, made heavy inroads on the supply of labor. The reports received by this bank show an increase in such employment of close to 30 per cent. At the free employment offices, applications for positions show a decrease, Illinois recording a change from 129 per cent to 122, and Indiana from 117 to 114.

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	NUMBER OF WAGE EARNERS			TOTAL EARNINGS		
	WEEK ENDED MAY 15 1926	APRIL 15 1926	PER CENT CHANGE	WEEK ENDED MAY 15 1926	APRIL 15 1926	PER CENT CHANGE
All groups (10)	377,657	380,493	-0.7	\$9,964,892	\$9,972,749	-0.1
Metals and metal products (other than vehicles).....	152,561	154,516	-1.3	3,792,270	3,915,553	-3.1
Vehicles	46,118	45,673	+1.0	1,472,658	1,362,020	+8.1
Textiles and textile products.....	27,437	28,104	-2.4	592,938	632,336	-6.2
Food and related products	44,872	43,673	+2.7	1,236,690	1,174,354	+5.3
Stone, clay, and glass products.....	13,713	13,240	+3.6	414,462	376,318	+10.1
Lumber and its products	33,469	35,186	-4.9	802,581	854,966	-6.1
Chemical products	11,173	11,358	-1.6	294,255	300,335	-2.0
Leather products	16,826	17,145	-1.9	365,138	368,342	-0.9
Rubber products	2,953	2,983	-1.0	71,359	72,693	-1.8
Paper and printing	28,535	28,615	-0.3	922,531	915,832	+0.7

MANUFACTURING ACTIVITIES AND OUTPUT

Automobile Production and Distribution—Passenger automobile production in the United States during May aggregated 371,595, or about 11,000 below the April rate but well in advance of May last year and 1924, when 366,197 and 271,033 cars, respectively, were produced. Truck output followed the same trend as that of passenger cars, totaling 48,082 in May for the United States, compared with 50,272 in the prior month, 43,830 in the same month a year ago, and 33,561 in May, 1924.

The number and value of cars sold at wholesale in the Middle West declined from April to May, but the number sold continued ahead of a year ago. Sales by retail dealers showed further increases in both comparisons. Stocks of new and used cars were lower for the second successive month, although both were heavier than in May, 1925. Deferred payment sales, as reported by thirty-seven dealers, aggregated 50.5 per cent of their total retail sales, as compared with 48.3 in April and 50.5 per cent in the same month last year.

MIDWEST DISTRIBUTION OF AUTOMOBILES

	Changes in May, 1926, from previous months		COMPANIES INCLUDED	
	PER CENT CHANGE FROM APRIL 1926	MAY 1925	APRIL 1926	MAY 1925
New cars				
Wholesale—				
Number sold	-12.3	+ 1.4	43	42
Value	-10.4	- 1.5	43	42
Retail—				
Number sold	+ 9.0	+ 7.8	91	60
Value	+ 7.3	+15.5	91	60
On hand May 31—				
Number	-27.0	+47.2	64	62
Value	-23.3	+30.5	64	62
Used Cars				
Number sold	+23.8	+23.8	93	62
Salable on hand—				
Number	- 8.6	+47.9	63	62
Value	- 3.7	+54.7	63	62

Agricultural Machinery and Equipment—As was the case in April, an unusually heavy volume of shipments at the beginning of 1926 largely accounted for the recession in May of 0.7 per cent from the preceding month in total sales billed by 101 manufacturers of agricultural machinery in the United States; the aggregate, however, was 18.3 per cent greater than a year ago. The sales of heavy machinery increased 9.1 per cent and those of barn equipment 26.4 per cent over April, but the other groups declined—7.5 per cent for all other (exclusive of pumps and barn supplies), and 2.4 per cent for agricultural pumps.

PRODUCTION AND SALES OF FARM EQUIPMENT IN THE UNITED STATES

	Changes in May, 1926, from previous months		COMPANIES INCLUDED	
	PER CENT CHANGE FROM APRIL 1926	MAY 1925	APRIL 1926	MAY 1925
Domestic sales billed....	- 0.9	+14.4	101	101
Sales billed for export....	+ 0.8	+51.6	53	53
Total sales billed.....	- 0.7	+18.3	101	101
Production	- 3.8	+18.2	97	97

Sales based on value. Production computed from employment.

Iron and Steel Products—For steel mills in the Chicago district, orders and shipments in May this year showed a considerable increase over the same month of 1925, and conditions in general were much more favorable than a year ago. As compared with the preceding month, only a small decline took place in new business and shipments, while in some cases order books as of June 1 were larger than on May 1 and output sold for the next three months. The 3,649,250 tons of unfilled orders on the books of the United States Steel Corporation May 31, represented a reduction of 218,726 tons from the end of the preceding month and of 400,550 tons from May 31 last year; the April-May decline in 1925 was 396,768 tons. Steel ingot output for the country

declined in the daily average from 158,613 tons for April to 151,744 for May, but remained considerably higher than in 1924 or 1925. Average daily pig iron production was less in May than in the prior month for the United States, but showed a slight gain in the Illinois and Indiana district; increases were reported as compared with 1925 and 1924.

Further reductions in prices were recorded during the month, the composite average as given by *Iron Trade Review* dropping from the \$38.14 for May 19, published in our last report, to \$37.60 on June 16; the average on June 17 last year was \$37.43. The price situation in the Chicago district has improved to some extent; plates, shapes, and bars have been advanced in price, and scrap metal prices have been somewhat firmer since the first of June; the sheet price situation is still unstable, however, and some quotations on pig iron have been lower.

Reports for May from twenty-seven iron and steel casting foundries in the Seventh district show declines in tonnage and value of shipments from April and the corresponding month a year ago, while production was also reduced in both comparisons. Stove and furnace manufacturers report smaller shipments than in April but exceeding those of May last year, and orders booked followed the same trend.

Shoe Manufacturing, Tanning, and Hides—Although the shoes shipped from factories in the Seventh district exceeded production by 2.8 per cent, both items declined in volume from April. June 1 inventories reported by twenty-six companies were equivalent to 94.6 per cent of the shipments forwarded to their customers during May. Unfilled orders on the books of twenty-three firms gave a reasonable assurance of about six and one-half weeks' business at the current rate.

CHANGES IN THE SHOE MANUFACTURING INDUSTRY IN MAY, 1926, COMPARED WITH PREVIOUS MONTHS

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	APRIL 1926	MAY 1925	APRIL 1926	MAY 1925
Production	- 6.1	- 7.8	30	30
Shipments	-10.7	- 0.7	30	30
Inventories	+ 0.7	- 7.4	26	26
Unfilled orders	+22.4	- 4.1	24	24

Half the tanneries reduced operations in May; this was offset, however, by increased activities at others, so that production for the district showed little change in the aggregate from the previous month. The total value of leather billed to the trade increased over April but was less than for the corresponding period of 1925. Prices range from steady to somewhat lower.

Approximately the same number of packer green hides were sold at Chicago during May as in the preceding month, but the volume of calf skins was smaller. Both receipts and shipments of hides and skins from Chicago slightly exceeded those in April, according to statistics compiled by the local Board of Trade. Prices advanced until the middle of June and then eased.

Furniture—Following the customary trend, orders booked by furniture manufacturers reporting to this bank increased in May over April, the gain aggregating 30.3 per cent. New business was 18.5 per cent in advance of a year ago, and 43.0 per cent larger than in May, 1924. Shipments declined 12.5 per cent from the preceding month and 1.8 per cent from May last year, but increased 17.9 per cent over the corresponding month two years ago. The volume of new orders was somewhat larger than shipments during the month, so that unfilled orders held at the end of May increased 3.6 per cent over the prior month; the amount on

hand aggregated 4.4 per cent below a year ago. Operations showed little change from those in April, averaging about 80 per cent of capacity, and were slightly higher than in May, 1925.

Raw Wool and Finished Woolens—General conditions in the wool market were quiet during May, with prices showing further slight declines and only a small volume of wool moving to the manufacturers. Trade in pulled wools was fairly satisfactory through the month, with little change in

prices and sales exceeding the volume of the same month in 1925; stocks of these wools are relatively light. Dealers have been doing some buying of the new domestic clip; the Jericho clip of more than 800,000 pounds was sold this year for 34½ cents or 7½ cents under last year's price. There has been very little activity in any branch of the finished goods industry. It has been necessary to restrict production to a great extent because of the hand-to-mouth placing of orders by clothing manufacturers.

BUILDING MATERIAL AND CONSTRUCTION ACTIVITIES

Lumber moved from retail yards into channels of consumption in an increasing volume during May, the reports for 130 yards indicating a gain of 16.4 per cent over the previous month. Considerable variations in conditions were shown throughout the district, many sections having experienced a lack of seasonal demand. As compared with a year ago, sales averaged a decline of 6.8 per cent. Outstanding accounts at the close of the month were higher than a month earlier, but registered a lower ratio to sales, 270 per cent as against 290; this compares with 281 in May, 1925. Price declines were frequent during the month.

The reports from twenty-five wholesale and manufacturing concerns, most of them located in or near Chicago, show sales for May of practically the same volume as in April, and only slightly below last year's level. There was a loss for the month amounting to 1.0 per cent and from a year ago of 2.0 per cent. Outstandings were reduced during the month and at the close totaled 142 per cent of the monthly sales; this compared with 147 a month earlier and 137 for May, 1925. The receipts of lumber in the Chicago market as well as shipments from there to outside territory were lower than in April; net receipts for Chicago, however, amounted to 5 per cent more than for April and were 27 per cent larger than in May, 1925.

In the cement industry a delayed seasonal activity made its appearance, and both production and shipments show heavy gains. Many plants which had been shut down for a considerable period of time have been brought into operation and stocks have been only slightly curtailed. The brick industry also experienced a good demand and with plants in full operation, still showed considerable reduction in the volume of stocks.

Building Construction—The contracts awarded during the month in the Seventh district amounted to \$95,008,851, which was 8.3 per cent more than in April and 2.8 per cent less than in May, 1925. The figures indicate a heavier gain in residential than in other types of construction for the month, but the reverse condition in the comparison with a year ago. By states, the largest gains, proportionately, were recorded for Michigan and Iowa, while Indiana and Wisconsin experienced declines from the previous month. Permits registered an increase in number but a decline in cost, the comparison with the previous month showing a gain of 7.7 per cent in number and a loss of 11.0 per cent in the estimated cost, while in comparison with May, 1925, the gain was 6.3 and the loss 8.4 per cent, respectively. These figures apply to 50 cities throughout the Seventh district. The five larger of these reflect practically the same trend, although the losses were somewhat heavier.

MERCHANDISING CONDITIONS

Wholesale Trade—Wholesale trade in the Seventh district expanded during May: individually over half the dealers reporting to this bank sold a larger volume of goods than in the preceding month; by commodity groups drug firms alone registered a decrease from April, whereas in 1924 and 1925 gains had been restricted mostly to grocery dealers. Drug firms likewise were the only group failing to exceed May, 1925, sales; in dry goods and hardware the increases were the first to be noted this year and reduced the cumulative declines since January 1 to about seven and one-half per cent.

April-May collection trends were similar to those for sales: drugs showed the one decrease, while gains for the others ranged from around 3 per cent for groceries and shoes to about 10 per cent for dry goods and hardware. Half the firms reported smaller receipts than in May, 1925, with dry goods, shoe, and hardware dealers averaging declines, and grocery and drug increases. By the end of May accounts on the books had advanced for nearly half the firms, and more than half indicated larger outstandings than on May 31, 1925; drug firms, however, declined in the first comparison, hardware in the second, and dry goods and shoes in both.

Two-thirds of the firms made net reductions to their stocks during May, drug inventories accumulating 1.4 per

cent, but grocery and hardware stocks dropping one per cent below the April 30 level, and dry goods and shoes falling off 4.0 and 9.7 per cent, respectively. For twenty-five grocery dealers aggregate stocks were 5.5 per cent above May 31, 1925; the increase in drugs was the most pronounced for the year; while the differences between the two years noted since the first of January for shoes and hardware were reduced, but that for dry goods more marked.

Department Store Trade—Total sales during May of eighty-four reporting department stores in this district were 9.0 per cent larger than the April volume; the increase reflects individual gains for sixty-six firms, and contrasts with April-May declines in the two previous years. In comparison with May, 1925, increases at sixty-four stores and declines at twenty-one averaged an expansion for the group of 13.1 per cent, and raised the cumulative gain for the year to nearly 8 per cent. Heavier collections also than in the preceding month or a year ago were reported by the majority of firms; aggregate gains, however, were less pronounced than corresponding increases in sales, so that by May 31 accounts on the books were about 4 per cent above April 30 and 14 per cent higher than last year. For sixty-five firms May collections amounted to 41.3 per cent of receivables at the beginning of the month, as compared with 43.7 per cent at the same time in 1925.

Eighty per cent of the firms made the usual seasonal reduction in stocks during May, the group of sixty-one averaging at the end of the month a drop of 4.0 per cent from April 30. Orders for new goods advanced from 6.7 per cent of 1925 purchases on April 30 to 7.4 per cent at the end of May. In comparison with a year ago, inventory declines at somewhat over half the firms were offset by increases at the others, so that the aggregate volume of goods held was the same; the stock turnover rate continues more rapid this year than last.

Retail Shoe Trade—For the third consecutive month retail shoe trade in this district registered a general increase; of forty-eight stores reporting for May, all except eight showed expansion over April, averaging for the group 5.9 per cent. Nineteen firms furnishing accounts outstanding data indicated an increase of 10.2 per cent as compared with a 10.6 per cent gain in the volume of goods sold; the ratio of receivables to sales averaged 76.7 per cent at the end of the month. Collections were heavier than during April. May 31 inventories for thirty-seven stores aggregated 1.2 per cent below the April 30 level, only eight firms making net additions to their stocks during the month.

Retail Furniture Trade—Forty-eight firms in this district reporting May sales of furniture, furnishings, and equipment, indicated a net gain over a year ago of 25.9 per cent; individually about sixty per cent of the firms showed increases. Sixteen reports segregating the data for installment sales, averaged a gain over May, 1925, of nearly 40 per cent; in comparison with the preceding month, however, the increase in installment sales was slight, while other business advanced over 20 per cent. Accounts on the books May 31 had increased over April 30 and were higher than last year; collections both for cash business and on installment sales showed gains in the two comparisons. About half the stores reported heavier stocks than a year ago, offsetting declines at the others by 3.8 per cent.

Chain Store Trade—With one exception the seven chain store systems reporting to this bank set new records for the month of May in the aggregate volume of goods sold; only four, however, averaged as heavy sales per store this year as last. In comparison with April, increases were shown by five firms, and declines by one grocery and one musical instrument house.

MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO.

(Index numbers express a comparison of unit or dollar volume for the month indicated, using the monthly average for 1919 as a base, unless otherwise indicated. Where figures for latest month shown are partly estimated on basis of returns received to date, revisions will be given the following month. Data refer to the Seventh Federal Reserve district unless otherwise noted.)

	No. of Firms	May 1926	April 1926	May 1925	April 1925		No. of Firms	May 1926	April 1926	May 1925	April 1925	
Meat Packing—(U. S.)—						Wholesale Trade—						
Sales (in dollars) ¹	62	116.0	108.3	110.4	100.3	Net Sales (in dollars):						
Casting Foundries—						Grocery.....	40	73.4	70.0	67.8	65.0	
Shipments (in dollars).....	27	85.7	94.2	90.5	93.8	Hardware.....	20	111.6	99.2	107.7	116.3	
Stoves and Furnaces—						Dry Goods.....	14	74.7	69.6	72.6	81.9	
Shipments (in dollars).....	14	70.1	70.7	69.6	71.5	Drugs.....	14	97.4	107.0	95.6	103.5	
Agricultural Machinery & Equipment—(U. S.)¹—						Shoes.....	11	40.9	37.5	39.3	53.4	
Domestic Sales (in dollars).....	113	141.6	142.1	133.2	143.6	Retail Trade (Dept. Stores)—						
Exports (in dollars).....	73	135.0	131.1	107.0	122.4	Net Sales (in dollars):						
Total Sales (in dollars).....	113	139.4	140.3	128.2	139.5	Chicago.....	7	140.4	129.5	136.0	140.6	
Production.....	109	127.8	132.5	108.5	105.5	Detroit.....	4	196.3	177.4	159.0	181.0	
Agricultural Pumps—(U. S.)¹—						Des Moines.....	4	122.6	133.2	120.6	120.4	
Shipments (in dollars).....	19	93.1	95.4	117.5	118.3	Indianapolis.....	5	145.9	132.6	136.3	141.6	
Furniture—						Milwaukee.....	5	167.1	156.6	149.6	153.5	
Orders (in dollars).....	20	137.6	105.7	117.1	104.4	Outside.....	39	119.9	110.7	111.7	113.6	
Shipments (in dollars).....	20	134.9	154.0	137.7	148.6	Seventh District.....	64	156.8	145.1	138.7	147.4	
Shoes²—						Retail Trade—(U. S.)—						
Production (in pairs).....	34	82.0	87.0	89.3	93.9	Department Stores.....	359	137	133	128	136	
Shipments (in pairs).....	34	86.0	96.3	86.6	101.3	Mail Order Houses.....	4	105	121	95	117	
Electric Energy—						Chain Stores:						
Output of Plants (KWH).....	8	186.6	190.4	163.9	165.1	Grocery.....	27	302	333	254	259	
Industrial Sales (KWH).....	8	225.8	219.6	195.2	192.4	Drug.....	9	190	193	163	159	
Flour—						Shoe.....	6	174	166	149	177	
Production (in bbls.).....	35	90.3	88.2	90.7	93.3	Five and Ten Cent.....	5	214	202	191	195	
Output of Butter by Creameries ³ —						Candy.....	5	220	226	195	210	
Production.....	77	143.5	107.1	139.5	92.5	Music.....	4	109	111	96	107	
Sales.....	77	115.7	97.2	121.3	93.5	Cigar.....	3	160	150	143	134	
Automobiles—						Stamp Tax Collections⁴—						
Distribution in Middle West ⁴						Sales or Transfers of Capital Stock.....		144.4	159.0	151.9	125.1	
New cars—Wholesale—Number sold.....	34	165.4	202.6	160.3	168.6	Sales of Produce on Exchange—Futures.....		57.8	74.2	99.6	108.1	
Value.....	34	157.0	188.1	159.4	162.3	U. S. Primary Markets⁵—						
New cars—Retail—Number sold.....	52	161.3	156.1	153.0	150.1	Grain Receipts:						
Value.....	52	163.8	161.5	145.8	151.0	Oats.....		64.2	70.3	64.5	60.5	
New cars—On hand—Number.....	45	111.2	148.1	74.5	77.2	Corn.....		81.2	84.7	81.0	66.1	
Value.....	45	105.6	133.8	78.2	89.9	Wheat.....		49.7	44.0	58.7	32.4	
Used cars—Number sold.....	43	187.4	159.5	149.6	154.0	Grain Shipments:						
Used cars—On hand—Number.....	43	146.5	158.0	99.7	109.6	Oats.....		103.1	72.7	105.5	103.7	
Value.....	43	117.5	128.0	81.4	96.9	Corn.....		83.9	64.4	68.4	96.1	
Production (U. S.): Passenger cars.....		275.2	283.4	269.8	278.2	Wheat.....		62.9	31.9	67.4	45.7	
Trucks.....		186.0	194.5	155.3	173.4	Building Construction—						
Shipments (U. S.): ⁴ Carloads.....		333.0	242.9	268.7		Contracts Awarded (in dollars):						
Driveways.....		160.9	143.9	145.6		Residential.....		231.1	203.4	253.5	356.6	
Boat ⁵		185.3	433.9	257.7		Total.....		172.9	159.6	177.8	202.1	
Freight Carloadings—(U. S.)—						Permits:						
Grain and Grain Products.....		101.9	95.7	93.8	85.0	Chicago.....		Number	257.9	247.9	303.6	404.7
Live Stock.....		84.3	83.6	80.3	86.5	Cost.....		353.7	460.0	484.3	512.4	
Coal.....		103.3	101.2	94.3	87.3	Indianapolis.....		Number	249.3	253.1	251.2	277.4
Coke.....		128.6	135.5	102.4	118.8	Cost.....		186.8	152.1	193.3	264.3	
Forest Products.....		134.2	132.6	131.2	136.7	Des Moines.....		Number	211.8	160.8	206.9	294.3
Ore.....		145.5	41.2	168.0	82.8	Cost.....		233.9	57.4	166.7	168.1	
Merchandise and Miscellaneous.....		140.9	134.5	129.7	132.8	Detroit.....		Number	272.9	263.1	261.2	285.1
Total.....		128.6	119.3	120.3	117.1	Cost.....		277.7	288.4	247.0	251.1	
Iron and Steel—						Milwaukee.....		Number	233.2	192.0	197.3	206.5
Pig Iron Production ⁶ :						Cost.....		203.0	246.7	218.7	221.3	
Illinois and Indiana.....		161.4	160.6	144.6	159.5	Others (45).....		Number	288.7	271.4	267.0	265.1
United States.....		134.0	137.3	112.8	129.7	Cost.....		266.6	266.3	238.4	265.1	
Steel Ingot Production—(U. S.) ⁶ —		134.6	140.7	118.0	122.4	Fifty Cities.....		Number	266.5	247.5	251.0	281.9
Unfilled Orders U. S. Steel Corp.....		60.9	64.5	67.6	74.2	Cost.....		289.1	324.7	315.0	336.1	

1. Monthly average 1923-24-25=100; 2. Monthly average 1919-20-21=100; 3. Monthly average of mean of production and shipments in 1923-34=100; 4. Monthly average 1920=100; 5. Base figures (1920) partly estimated; 6. Average daily production; 7. First Illinois internal revenue district; 8. Monthly average receipts 1919=100.

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